**COMMONWEALTH OF MASSACHUSETTS**

**DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

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| Investigation by the Department of Telecommunications and Energy on its own motion pursuant to G.L. c 159, §§ 12 and 16, into Verizon New England Inc , d/b/a Verizon Massachusetts' provision of Special Access Services | D.T.E. 01-34 |

# SURREBUTTAL TESTIMONY OF EILEEN HALLORAN

## ON BEHALF OF AT&T COMMUNICATIONS OF NEW ENGLAND, INC.

April 3, 2002

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## I. INTRODUCTION AND PURPOSE OF TESTIMONY.

**Q. ARE YOU THE SAME EILEEN HALLORAN WHO HAS PREVIOUSLY PRESENTED TESTIMONY IN THIS PROCEEDING?**

A Yes

**Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

A My testimony primarily responds to Verizon's claim that "process differences" do not allow a comparison of retail and wholesale customer data. My testimony focuses in large part on the Verizon flow charts attached to its February 27, 2002, Corrected Panel Testimony, filed on March 19, 2002. The flow charts provide comparisons of Verizon's Wholesale and Retail Ordering, Provisioning and Maintenance Processes. For convenience I have attached the Verizon flow charts to this testimony at Tab A.

The two ordering differences for wholesale and retail customers to which Verizon's panel testimony points – (1) application date and (2) the service order create date in relation to the facilities availability check – do not invalidate the results showing discriminatory performance by Verizon In fact, it may be that these process differences are the cause of the discriminatory results and should be investigated so that best practices will be applied to both wholesale and retail processes to cure and prevent service disparity.

In addition, in this testimony I explain that the showing Verizon made at the FCC in order to receive pricing flexibility is not relevant to the quality of Verizon's service to wholesale carriers based on AT&T's experience. Nor does the grant of pricing flexibility replace the need to establish an effective set of metrics and standards to measure Verizon's provisioning and maintenance performance for special access circuits

## II. DIFFERENCES IN ORDERING PROCESSES DO NOT EXCUSE VERIZON'S POOR PERFORMANCE RESULTS OR DISPROVE DISCRIMINATION.

**Q. HOW DO YOU RESPOND TO VERIZON'S CLAIM THAT PROCESS DIFFERENCES CREATE "THE MISLEADING APPEARANCE" THAT RETAIL CUSTOMERS RECEIVE BETTER SERVICE?**

A Verizon attempts to justify the better service it provides to its retail customers as compared to the service it provides to wholesale carrier customers by pointing to "process differences." As I will explain below, these alleged process differences do not invalidate the conclusion drawn from Verizon's own data that wholesale carrier customers receive poorer performance than retail end-user customers.

The goals of both retail and wholesale processes are: on-time performance where due date commitments are met at least 95 percent of the time; reliable provisioning of circuits at an interval that meets the customer's needs; and quality installation of circuits to ensure low failure rates. From a general perspective, Verizon's data show that the retail process produces better results for end-users than the wholesale process does for carriers. As such, the data demonstrate that the processes themselves are discriminatory. Moreover, a closer examination of the data demonstrates that, even allowing for these process differences, retail customers receive better service than wholesale carrier customers.

**Q. VERIZON CLAIMS THAT "DIFFERING PROCESSES EXIST BECAUSE OF THE FUNDAMENTALLY DIFFERENT REQUIREMENTS OF END-USER CUSTOMERS VERSUS CARRIER CUSTOMERS." (PAGE 32)[1] DO YOU AGREE?**

A The requirements of retail and wholesale carrier customers are not "fundamentally" different, as Verizon claims. Wholesale and retail customers both seek reliable, timely installation of circuits with low failure rates and reliable, quick restoration of service when circuits fail. Verizon attempts to cloud the real issues with the claim that "the special access services provided by Verizon to these different categories of customers are not 'like' services for comparison purposes, even though they utilize similar facilities." *Verizon's Corrected Panel Testimony*, at 21. The services (*e.g.* voice, data, IP, *etc.*) that Verizon or carriers/CLECs provide are not at issue in this proceeding. The purpose of the proceeding is to investigate Verizon's service performance in Massachusetts when providing and maintaining the underlying DS0, DS1, DS3 or OCx circuits. As Verizon has agreed in this proceeding, wholesale and retail special service providers vie for the same underlying facilities (OSP, IOF, CO equipment) when purchasing circuits from Verizon to reach end-users. When the quality of ordering, provisioning and maintenance provided by Verizon to carriers is poor, and worse than the ordering, provisioning and maintenance Verizon provides to its retail end-users, then competition to sell services that rely on the same underlying circuits is harmed.

[1] All references to Verizon's Panel Testimony will be to the February 27, 2002 Corrected Version of the Panel Testimony.

**Q. BEFORE YOU PROVIDE A DETAILED DISCUSSION, PLEASE SUMMARIZE THE PARTICULAR PROCESS DIFFERENCES THAT VERIZON CLAIMS EXCUSES ITS POOR PERFORMANCE RESULTS?**

At the outset, it is important to note that the retail/wholesale ordering and provisioning processes are fundamentally the same *See* Verizon Ordering and Provisioning Process Flow Charts For convenience, I have attached a copy of the flow charts to this testimony and will parse the process to compare the boxes and triangles on the flow charts.

From these Verizon flow charts, you will see that the ordering and provisioning of wholesale and retail circuits require Verizon to perform the same functions. The only difference between the wholesale and retail processes is the designation of two points in the processes: (1) the application or start date, and (2) "in certain instances" the point at which the CATC or Verizon representative creates the Service Order.

Verizon contends that the application or start date for a wholesale customer occurs earlier in the ordering process (at "Clean ASR") than for a retail customer (at "Rep Creates Service Order") Verizon claims that this explains the interval disparity between retail and wholesale However, when I adjust the interval data to account for this application date difference, the intervals offered and completed for retail customers are still much shorter than for wholesale carrier customers *See* Section A and chart 1 below for a detailed discussion

Verizon also contends that, because Verizon sometimes creates a Service Order for its retail end-users after the facilities have been built, Verizon is justified in meeting its due date commitments to its retail end-users far more often than it meets commitments to its wholesale carrier customers This does not make sense. Per Verizon's own corrected testimony and contrary to what Verizon said earlier in the proceeding, Verizon does not always wait until facilities are built to create the retail Service Order Verizon

can and does choose to create the retail service order at the same point in the process that it creates the wholesale service order In other words, Verizon uses an optional process difference in its attempt to explain the disparate results for Percent On-Time Verizon, however, provides no data to quantify how often facilities are not available and how often the optional process is employed by Verizon The discussion of this problem can be found in Section B of this testimony, below.

**Q. AND, FINALLY, BEFORE YOU GO ON TO THE DETAILS, COULD YOU EXPLAIN WHETHER VERIZON'S CLAIMED PROCESS DIFFERENCES PREVENT COMPARISON OF VERIZON'S RETAIL AND WHOLESALE DATA?**

A Verizon's claim that no conclusion can be drawn about the comparable level of service between wholesale and retail is untrue The results of Verizon's performance for retail and wholesale can and should be compared; and this comparison demonstrates the discriminatory results of Verizon's ordering and provisioning Moreover, the comparison should be viewed in light of very real customer complaints that AT&T receives For example, only recently I was made aware of a customer affecting service condition, during which the customer said to AT&T that its representatives are given subtle messages from Verizon that, if they would buy their service from the local phone companies, they would not have these problems on their circuits. Others participants have declared the same in this proceeding and the data provided by Verizon support this kind of anecdotal customer input

A. **Intervals Offered and Completed.**

**Q. VERIZON CLAIMS THAT DIFFERING APPLICATION DATES FOR WHOLESALE AND RETAIL CUSTOMERS JUSTIFY THE LONGER PROVISIONING INTERVALS FOR WHOLESALE CARRIER CUSTOMERS. IS THIS CORRECT?**

A No The different application dates for retail and wholesale carrier customers do not explain the much shorter intervals Verizon provides to its retail customers compared with the longer intervals Verizon provides to wholesale carrier customers.

Referring to the Ordering Process flow charts for wholesale and retail customers, the ordering process for wholesale and retail customers is fundamentally the same. The only difference between the retail and wholesale processes is the designation of the application date For wholesale carrier customers, the application date is the point at which Verizon receives a clean ASR from the carrier This is shown on the left hand side of the flow chart [2] The application date for retail customers is at the completion of the ordering process – when a Verizon representative creates a Service Order to launch the customer's circuit in Verizon's ordering and provisioning system

The boxes and triangles on the flow charts show that Verizon performs the same functions during the ordering process for both wholesale and retail customers. That is, for wholesale and retail, Verizon gets a request for service, clarifies and validates the information from the customer, submits the request to RequestNet where the CLLI is assigned or validated and OSP and IOF availability is determined, resulting in a due date

[2] Although the application date appears on the left hand side of the flow chart, this does not mean that, from the end user's point of view, the process is just beginning It must be remembered that AT&T representatives have been working with the end-user for some time in order to move the process to the point that a fully detailed ASR can be completed and submitted Thus, if the full process from the end-user's point of view were represented on Verizon's "Wholesale Ordering Process" there would be additional boxes prior to the submission of the ASR. The additional boxes would resemble the first two boxes under the Retail Ordering Process

and the creation of an internal Verizon Service Order (or a FOC in the wholesale process) The "End User Calls" in the Retail Ordering Process equates to the ASR in the Wholesale Ordering Process, and the information gathering and consultation boxes in the Retail Ordering Process equates to the box in which the CATC receives and validates the ASR in the Wholesale Ordering Process.

Most importantly, from the point "Request Submitted to RequestNet," all the way through to "Circuit Complete," the retail and wholesale ordering and provisioning flows are identical The retail steps between "Request Submitted to RequestNet" and the "Due Date Negotiation and Acceptance" is the equivalent of the wholesale process that starts with a "Clean ASR" and ends with a FOC At both the wholesale FOC and the Due Date Acceptance for Retail, Verizon creates an internal order to launch both requests in its provisioning systems.

**Q. WHAT DO THE SIMILAR ORDERING PROCESSES FOR RETAIL AND WHOLESALE CARRIER CUSTOMERS DEMONSTRATE ABOUT THE INTERVAL LENGTHS?**

A These fundamentally identical ordering and provisioning processes show that a comparison should be made between the wholesale and retail interval data even though Verizon designates different application or start dates for retail and wholesale carrier customers As you can see from the Verizon flow charts, the difference between the application dates in the wholesale and retail processes, respectively, can be measured or proxied by using the days in the FOC interval.

**Q. WHAT DO YOU MEAN "THE DIFFERENCE BETWEEN THE APPLICATION DATES IN THE WHOLESALE AND RETAIL PROCESSES, RESPECTIVELY, CAN BE MEASURED OR PROXIED BY USING THE DAYS IN THE FOC INTERVAL"?**

A For wholesale carrier customers, Verizon's interval between a Clean ASR and the FOC is five business days for DS0 and DS1 circuits and seven business days for DS3 circuits *See Verizon Corrected Panel Testimony*, at 28; Verizon Wholesale Ordering Process Flow Chart This interval reflects the time Verizon allows for the agent to submit a request or query to RequestNet, for RequestNet to verify the availability of facilities or provide a construction complete date for new facilities, and for the agent to create a service order and communicate the committed due date to the customer.

Verizon utilizes the same computer system, RequestNet, to query for and reserve available facilities for retail customers as it does for wholesale carriers. RequestNet performs the exact same functions, at the exact same point in the process for both the retail customer and the wholesale customer. *See* WCOM/ATT-VZ 4-9(d). The RequestNet system "tags and tracks" or reserves facilities for 96 hours, or 4 days, in anticipation of an internal Verizon service order for those facilities. *See* WCOM/ATT-VZ 4-9(c) Thus, it is conservative to estimate that the retail ordering process interval from the output of the "Customer Consults w/ Verizon on Needs" step to "Rep Creates Service Order" box is the same as the Wholesale FOC interval, or "Clean ASR" to "CATC Creates Service Order and Issues FOC," namely five to seven business days.

Even taking the longer interval, seven business days, and adding those seven business days to the number of days that Verizon reports for average interval offered and average interval completed for retail customers, the data show that Verizon still provides much worse (longer) intervals for wholesale carrier customers than retail customers. In

the chart below, row 1 reflects the DS1 intervals offered and completed in Massachusetts as reported by Verizon, row 2 reflects that data with seven business days added to each month to show the impact on the retail interval when we add the 7 business days to account for the FOC process, and row 3 shows the wholesale interstate data for comparison purposes

## AVERAGE INTERVAL OFFERED AND COMPETED

## WITH SEVEN DAYS ADDED TO RETAIL INTERVALS (Chart 1)

| | DS1 Circuits | 2001 | Jan-01 | Feb-01 | Mar-01 | Apr-01 | May-01 | Jun-01 | Jul-01 | Aug-01 | Sep-01 | Oct-01 | Nov-01 | Dec-01 | Avg |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Row 1 | | Retail per Verizon data | 13.31 | 13.37 | 13.9 | 15.53 | 15.9 | 13.1 | 16.85 | 16.04 | 13.64 | 16.53 | 17.85 | 11.9 | 14.83 |
| Row 2 | AVERAGE INTERVAL | Retail + 7 days | 20 31 | 20 37 | 20 9 | 22 53 | 22 9 | 20 1 | 23 85 | 23 04 | 20 64 | 23 53 | 24.85 | 18.9 | 21.83 |
| Row 3 | OFFERED (DAYS) | Wholesale Interstate | 51 6 | 48 3 | 41 4 | 40 1 | 37 6 | 33 7 | 38 8 | 32 4 | 28 8 | 30 7 | 26 7 | 34 00 | 37.01 |
| | | | | | | | | | | | | | | | |
| Row 1 | | Retail per Verizon data | 16.04 | 17.37 | 20.91 | 22.89 | 21.3 | 16.11 | 19.51 | 21.97 | 14.56 | 16.86 | 21.75 | 13.93 | 18.6 |
| Row 2 | AVERAGE INTERVAL | Retail + 7 days | 23 04 | 24 37 | 27 91 | 29 89 | 28 3 | 23 11 | 26 51 | 28.97 | 21 56 | 23.86 | 28 75 | 20 93 | 25.6 |
| Row 3 | COMPLETED (DAYS) | Wholesale Interstate | 47 3 | 46 4 | 43 5 | 40 5 | 38 9 | 37 3 | 41 7 | 33 | 28 8 | 32 4 | 26 8 | 26 6 | 36.93 |

**Q. BUT VERIZON STATES THAT THE RETAIL ORDERING PROCESS INTERVAL IS AN "UNDEFINED TIME PERIOD."**

A Verizon makes this statement on its Retail Ordering Process flow chart. Yet, according to Verizon, the only activity that could extend the ordering process for retail customers is the need to construct facilities *See* Verizon Retail Order Process Flow Chart. However, Verizon has since corrected its Panel testimony to say that Verizon does not always wait for completion of construction to issue a due date to a retail customer. Therefore this is not a legitimate process difference More importantly, construction is not required on all orders Verizon has provided no data to show how often facilities are not available for retail requests or for wholesale requests. It would seem that since RequestNet, an automated system, is used for all requests, such analytical data must be available *See* ATT/WCOM-VZ 4-11 The only time that Verizon's ordering interval (that ends with "Rep creates Service Order") could be longer than seven business days is when Verizon must build facilities and Verizon chooses not to create the Service Order until after facilities are built, which by Verizon's own admission is a limited and unquantified sub-subset

Plus, AT&T's experience in Woburn, Massachusetts, which I mentioned at the December 13, 2001 Technical session and discussed in my response to VZ-ATT 2-4,[3] demonstrates that Verizon can prevent long intervals for retail customers due to facility builds even as it is delaying similar service for wholesale because of "no facilities." In the Woburn incident, AT&T received a lengthy interval from Verizon because of fiber

[3] A copy of VZ-ATT 2-4 is attached to this testimony at Tab B

construction. When the customer went directly to Verizon, the customer received a shorter interval. After conversations with Nancy McFeeley, I learned that Verizon gave the customer a better interval at retail because the Verizon retail agent was able to override the engineering inventory restriction that was driving orders to fiber instead of using spare, available copper

**B. Percent On-Time.**

**Q. HOW DOES VERIZON EXCUSE THE DISPARITY IN THE RETAIL VERSUS WHOLESALE PERCENTAGES FOR ON-TIME PERFORMANCE?**

A The chart below provides the percent on-time presented in my direct testimony with updates to reflect December and January data.

**PERCENT ON TIME (Chart 2)**

| DS1 Circuits | 2001 | Jan-01 | Feb-01 | Mar-01 | Apr-01 | May-01 | Jun-01 |
|---|---|---|---|---|---|---|---|
| Percent on Time | Retail | 95.10% | 99.23% | 99 15% | 98.18% | 99.52% | 98.88% |
| | Wholesale | 85.89% | 86.30% | 80.05% | 77.81% | 81.08% | 77.77% |

| Jul-01 | Aug-01 | Sep-01 | Oct-01 | Nov-01 | Dec-01 | Jan-02 | Total |
|---|---|---|---|---|---|---|---|
| 99 28% | 99.84% | 100.00% | 99 81% | 99.84% | 100.00% | N/A | 99.07% |
| 75 14% | 82 84% | 86.10% | 88.97% | 92.93% | 91.16% | 93.31% | 84 57% |

Verizon's sole explanation for the disparate on-time percentages for wholesale and retail customers is again process, with no data to support the position Verizon states that the timing of the creation of the Service Order, when facilities are not available, somehow interferes with Verizon's ability to meet a due date commitment made to a wholesale customer but does not interfere with a due date commitment made to a retail customer If you look at the relative on-time performance for Verizon at retail and for its wholesale carrier customers, you will see the wide, plain disparity between wholesale and retail provisioning and absolutely no data from Verizon showing to what extent or how

often that disparity is caused by its claimed process difference. Verizon's failure to provide any data is particularly troublesome because the sole explanation offered by Verizon – timing of the creation of the Service Order when no facilities are available – only applies in a subset of cases. That is, Verizon has admitted that the timing of the creation of the Service Order when no facilities must be constructed is the same for wholesale and retail, and when facilities must be constructed it is still the same for wholesale and retail, except in some unspecified portion of cases.

**Q. DOES THE TIMING OF THE CREATION OF THE SERVICE ORDER WHEN THERE ARE NO AVAILABLE FACILITIES EXPLAIN THE SERVICE DISPARITY FOR ON-TIME PERFORMANCE?**

A No It turns out that Verizon's excuse applies to only a limited sub-subset of orders and even then it is optional for Verizon On March 19, 2002, Verizon corrected the testimony it had filed on February 27, 2002, to admit that the retail Service Order (which sets the due date) is not always issued after facilities are built Thus, Verizon has limited the occurrence of the alleged process difference to the subset of retail orders where facilities need to be built and then only where Verizon chooses not to create the Service Order until construction of those facilities is completed. Thus, the choice by Verizon to create an order for a retail customer or wait until after construction is within Verizon's control. However, Verizon still can inform its retail customers of the RequestNet results almost immediately *See* DTE-VZ 4-21(1) ("The check for facilities availability for a retail special service customer is made prior to an order being entered through a Service Request or SR in the RequestNet system.") *See also* December 13, 2001 Technical Session Tr 14-15 (Cannell) ("I access RequestNet prior to the call to the customer. .And then we also check [RequestNet] again prior to typing the order ")

In contrast, the creation of the wholesale order is not at all in the control of the carrier/CLEC and the necessary information to "status" the carrier's customer is not known by the carrier/CLEC until the FOC is received. In other words, carriers do not know the result of the RequestNet query and tag until the FOC is received. Verizon's retail query, status, and order control advantages are key to Verizon providing better service to its end-user customers

**Q. DOES VERIZON PROVIDE ANY DATA TO SUPPORT ITS CLAIM THAT VERIZON ACTUALLY UTILIZES THIS OPTION OF CREATING THE RETAIL SERVICE ORDER AFTER CONSTRUCTION OF FACILITIES?**

A No. From the data provided by Verizon in this proceeding we do not know how often Verizon cannot fill an order for DS0, DS1, DS3 or OCx circuit because of lack of facilities, *e g* IOF, OSP or CO equipment While Verizon has data that shows how many orders were coded to these reasons, there are additional orders missed that are coded "other" which may or may not be the result of unavailable facilities. *See* ATT/WCOM-VZ 4-13(c) Further, for the unquantified subset of orders where facilities are not available, Verizon has produced no data to show how often Verizon creates the retail Service Order before construction or how often – if ever – Verizon waits to create the order until the facilities are completed. We do not know this percentage and it would appear from Verizon's failure to support its claimed process difference that Verizon does not know either

**Q. ARE THE RETAIL AND WHOLESALE ORDERING AND PROVISIONING PROCESSES THE SAME WHEN FACILITIES ARE AVAILABLE AND WHEN FACILITIES ARE NOT AVAILABLE BUT VERIZON CREATES THE SERVICE ORDER BEFORE CONSTRUCTION?**

Yes In all situations in which facilities are not available and Verizon creates the Service Order before construction of required facilities – the retail ordering process is exactly the same as the wholesale ordering process Verizon confirms the due date for wholesale and retail customers at the same time - that is, after the RequestNet system has verified, tagged and tracked the facilities and a Service Order has been created. Thus, in every situation where facilities are available and where Verizon creates the retail Service Order before construction completes, due dates are confirmed to wholesale and retail customers at the same point in the ordering process

As explained by Verizon in the flow chart showing the "Retail Provisioning Process – Alternative Path," the provisioning process following the due date commitment (which occurs with the creation of the Service Order) is exactly the same.

Therefore, when facilities are available or when Verizon chooses to create the service order before necessary construction completes, there is no "process" effect on Verizon's on-time performance that explains the wide disparity between wholesale and retail results

Moreover, it is important to remember that not only does Verizon meet its due date commitments to retail better than wholesale, but the commitments themselves are for service to retail in a quicker average time frame than wholesale.

**Q. IF IT IS NOT (THE OCCASIONALLY) DIFFERING POINTS AT WHICH VERIZON CREATES THE SERVICE ORDER, AS VERIZON CLAIMS, WHAT ACCOUNTS FOR THE LARGE DISCREPANCIES IN VERIZON'S PERCENT ON-TIME FOR WHOLESALE AND RETAIL CUSTOMERS?**

A. I can offer two likely reasons for the discrepancies in Verizon retail and wholesale on-time performance, although root cause analysis of results reported by Verizon to the Department through Department ordered special service standards and metrics may reveal others

Verizon's retail representatives have process capabilities that carriers do not have at wholesale. For example, the retail agent can query and tag facilities in RequestNet and get a quick response when there are facilities available and can also navigate the Verizon legacy systems to discover spare facilities that may be available but would not be captured by the RequestNet process In geographic areas with limited facility availability or where a Verizon Engineering decision to stop provisioning on copper (even though additional spare may be available) and hold all new orders for planned fiber, the retail agent's flexibility and training could produce an advantage for the retail agent's customer

The on-time performance differences between wholesale and retail customers also may be impacted by the difference between the work centers which have been set up by Verizon to serve wholesale and retail customers. Circuits ordered by wholesale carrier customers are provisioned by the Carrier Account Team Center ("CATC") Circuits ordered by retail end-user customers are provisioned by the Overall Control Office ("OCO") These two centers, the one for wholesale and the one for retail, may or may not be comparable, but the service results certainly are not comparable The different retail and wholesale policy directives and the level of staffing, training and customer

focus can all impact results, and upon further investigation we may find that the explanation lies in one or more of these areas. We may then be able to understand why a retail agent would override RequestNet and grab spare facilities when the wholesale agent could not or did not take the same action for the same request.

Root cause analysis for service improvement purposes would lead to examination of comparable process capabilities during ordering and provisioning. Best practices from retail could then be applied to wholesale However, this process only begins with the Department's order for special service performance standards and metrics.

C. **Installation Quality.**

**Q. VERIZON CORRECTED THE ERRONEOUS INSTALLATION REPORT DATA THAT IT HAD ORIGINALLY PROVIDED IN RESPONSE TO WCOM/ATT-VZ 1-22. WHAT DO THE NEW DATA SHOW?**

A The new data provide very similar results to those reported in my direct testimony As can be seen in the below chart, in the first 30 days of service, circuits installed for wholesale carrier customers fail at a rate that is significantly higher than the failure rate of circuits for retail customers

**INSTALLATION QUALITY (Chart 3)**

| DS1 Circuits | 2001 | Jan-01 | Feb-01 | Mar-01 | Apr-01 | May-01 | Jun-01 |
|---|---|---|---|---|---|---|---|
| Installation Quality | Retail | 1 15 | 1.16 | 2 68 | 1.18 | 0.89 | 1.68 |
| | Wholesale | 3.12 | 5.37 | 4.05 | 4.10 | 3 73 | 3.94 |

| Jul-01 | Aug-01 | Sep-01 | Oct-01 | Nov-01 | Dec-01 | Jan-02 | Total |
|---|---|---|---|---|---|---|---|
| 1.24 | 0.90 | 1.23 | 1 55 | 1.10 | 0 41 | N/A | 1.26 |
| 3 96 | 2.47 | 2 06 | 1.52 | 1.60 | 3.70 | 3.00 | 3.28 |

Verizon's data plainly show that retail customers receive substantially better installation quality than wholesale carrier customers Verizon has not offered any explanation to justify the disparity in installation quality

**Q WHAT OVERALL CONCLUSIONS DO YOU DRAW FROM THE VERIZON DATA?**

This proceeding so far, even with all the problems obtaining data from Verizon, has shown that Verizon not only performs poorly for carriers but also that the same service is more reliable in the first 30 days when Verizon delivers circuits for its retail customers. Again, once standards are set and performance is reported monthly by Verizon to the Department and carriers, we may see other disparities in maintenance and there should be additional root cause analysis to determine best practices and implement those for retail and wholesale

## III. CONTRARY TO VERIZON'S ASSERTION, THE SPECIAL ACCESS MARKET IN MASSACHUSETTS DOES NOT INDUCE VERIZON TO OFFER HIGH QUALITY SERVICE TO ITS COMPETITORS.

**Q. VERIZON CLAIMS THAT "COMPETITION IN THE SPECIAL ACCESS SERVICES MARKET DRIVES VERIZON MA...TO STRIVE TO PROVIDE HIGH QUALITY SERVICE TO CUSTOMERS." (PAGE 13). WHAT IS YOUR RESPONSE TO THIS CLAIM?**

A From my perspective in working with Verizon on a day-to-day, business-to-business basis in the supply of access circuits, I do not see effective competition in the special access market, nor do I see any effect on Verizon's performance as a result of its March 13, 2001 receipt of pricing flexibility for certain Massachusetts Metropolitan Statistical Areas ("MSAs").

Moreover, Verizon-North (which includes Massachusetts) is still the worst performer for AT&T based on comparison of DS1 on-time performance to AT&T's customer desired due date or CDDD. In fact, Verizon is worse than any other part of Verizon and worse than any other ILEC. In addition, Verizon-North has the highest DS1 FCC access prices of any part of Verizon and of any ILEC. Attached to this testimony at Tab C is a "bull's eye chart" showing Verizon-North's DS1 FCC access prices and service quality as compared to AT&T's experience with service from other ILECs.

**Q. VERIZON CLAIMS THAT ITS SPECIAL ACCESS PRICING FLEXIBILITY FILINGS EVIDENCE COMPETITION IN THE SPECIAL ACCESS MARKET THAT ENSURES HIGH QUALITY SERVICE TO MASSACHUSETTS WHOLESALE CARRIER CUSTOMERS. (PAGE 13). DO YOU AGREE?**

A No. If that were the case, we would see better performance where Verizon has received pricing flexibility. As the bull's eye chart indicates, Verizon's price/performance in its North territory (Verizon-North comprises MA, NY, NH, VT, ME and RI) is the worst in the country in AT&T's experience.

**Q. WHY DOES THE GRANT OF PRICING FLEXIBILITY NOT SIGNAL AN EFFECTIVELY COMPETITIVE MARKET WITHOUT VERIZON MARKET DOMINANCE?**

A It has been explained to me that in its *Pricing Flexibility Order*, the FCC expressly declined to find that the provision of loops and transport is sufficiently competitive to consider ILECs non-dominant in the provision of special access services. The new pricing flexibility rules only permit ILECs to respond to emerging, but not yet established, competition. The FCC recognized in the *Pricing Flexibility Order* that it was intervening at an early point in the development of competition and that ILECs could still exercise market power even after they were granted full pricing flexibility. In contrast to

its request for pricing flexibility, if Verizon wished to be classified as a non-dominant carrier for special access services, I have been told that Verizon would need to make the more difficult showing that it lacks any relevant market power with respect to those services.

**Q. IS THERE EVIDENCE OF MARKET DOMINANCE BY VERIZON DESPITE ITS FILING FOR PRICING FLEXIBILITY?**

Yes After receiving approval for pricing flexibility in March 2001 in certain areas, Verizon raised its interstate special access prices in January 2002 for those same areas.[4] A price increase where the price is already the highest in the country in AT&T's experience and where the on-time performance for DS1 circuits delivered at those high prices is the worst in class in AT&T's experience, says to me that Verizon must have confidence that its volumes will hold even as a customer's perceived value (price/performance) of the service decreases I believe Verizon's confidence in its ability to hold volumes is based in the knowledge that purchasers of special access have no viable alternative Verizon's price increase resembles other ILEC price increases upon grant of pricing flexibility.[5] Research by the Ad Hoc Telecommunications Users Committee indicates that the pricing for DS1 and DS3 special access services is higher in

[4] Verizon Transmittal No 134, Effective January 5, 2002 Further, I understand that Verzion received pricing flexibility for additional MSA's on March 22, 2002 Accordingly, I would not be surprised to see a price increase for those areas in the near future It will certainly be a pleasant surprise if Verizon does not increase its access prices in those areas

[5] BellSouth received pricing flexibility on December 15, 2000 BellSouth, effective November 1, 2001, increased rates in MSA's where pricing flexibility was granted

"the supposedly more competitive" pricing flexibility areas than in areas in which the ILEC has not received pricing flexibility.[6]

**Q. VERIZON STATES: "...THE SAME COMPETITIVE PRESSURES THAT ENSURE THAT VERIZON WILL REASONABLY PRICE SPECIAL ACCESS SERVICES ALSO ENSURE THAT VERIZON WILL REASONABLY PROVISION SPECIAL ACCESS SERVICES." (PAGE 13). IS THIS TRUE?**

A Absolutely not. As demonstrated above, the "competitive pressures" which allowed Verizon to obtain pricing flexibility have not prompted Verizon to "reasonably price" special access services Rather, Verizon has increased its access prices. Likewise, Verizon will not improve and sustain a high level of provisioning and maintenance performance simply as a result of the nascent competition recognized by the grant of pricing flexibility

**Q. PLEASE COMMENT ON VERIZON'S CLAIM THAT CARRIERS/CLECS "CHOOSE" TO RELY ON VERIZON BECAUSE VERIZON IS "THE PREFERRED OPTION." (PAGE 14)**

A This statement is wrong for two reasons

First, in the majority of situations, Verizon is the only source of special access facilities. There is no choice, as Verizon claims.[7] As I stated in my direct testimony and in my response to VZ-ATT 2-1, while AT&T would prefer to serve its local customers using entirely its own network, a number of limitations necessitate the use of Verizon's network to reach end-user customers. Among these limitations are the feasibility of

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[6] Ad Hoc Telecommunications Users Committee, at 5

[7] Verizon argues that "AT&T Broadband's physical presence would enable AT&T to provision special access services to its end-user customers " *Verizon Corrected Panel Testimony*, at 15, fn.9 AT&T Broadband, however, is a cable provider of residential services and does not provide business services which typically utilize special access circuits AT&T Broadband does not even have facilities linking its existing cable plant to Massachusetts businesses *See* D T E 01-31, Tr 1/3/02, at 655 (Fea), Tr 1/3/02, at 656-657 (Waldbaum)

building within the time frame required by the customer, the availability of construction prerequisites (such as rights of way and collocation facilities), and prior volume and/or term commitments that make it uneconomic to convert to alternative facilities (whether self-provided or provided by a third party) due to termination penalties. As Mr Fea explained in oral testimony before the Department, the present lack of market capitalization also prevents AT&T and other CLECs from building out their networks. *See* D.T.E. 01-31, Tr 1/3/02, at 736-737 (Fea).

These and other prohibitions on self-provisioning and the use of third-party carriers are documented and fully explained in the D.T.E. 01-31 testimony of Anthony Fea and the FCC Declaration of Anthony Fea and William J. Taggart III (both attached to VZ-ATT 2-1).

Second, in a truly competitive environment and with its price and performance negatives, Verizon-North would not be the "preferred option" of AT&T As stated above and demonstrated in the attached bull's eye chart, Verizon-North is the most expensive supplier and has the worst on-time performance for DS1 service to AT&T of all parts of Verizon and of all ILECs AT&T always prefers to avoid these high Verizon prices and poor service In its agreements with CLECs, AT&T requires compliance with standards for service quality and CLECs must produce good performance results in order to avoid financial penalties [8] *See* VZ-ATT 2-1 (attached Fea/Taggart Declaration at 18-19.) Thus, AT&T has every incentive to self-provision or to order circuits from cheaper and

[8] AT&T's ability to negotiate more favorable terms with third party providers of special access illustrates the lack of market power of those providers AT&T's inability to obtain more favorable terms from Verizon, and AT&T's compelled use of Verizon despite its inferior performance, evidence Verizon's market power in the special access market

better quality third-party carriers. These options, however, are not available in the majority of situations and therefore in the majority of situations AT&T must turn to the only supplier of services – Verizon.

**Q. HOW OFTEN MUST AT&T RELY ON VERIZON'S FACILITIES?**

A On page nine of the proprietary version of the testimony submitted to the Department in D.T.E. 01-31, Anthony Fea provides the percent of AT&T customers served using Verizon facilities.

## IV. THE NEED FOR PERFORMANCE MEASUREMENTS AND REPORTING REQUIREMENTS.

**Q WHAT DOES VERIZON'S BEHAVIOR DURING THE DISCOVERY PHASE OF THIS PROCEEDING INDICATE ABOUT THE NEED FOR PERFORMANCE MEASUREMENTS?**

Verizon's argument that the Department should rely on market forces to guarantee nondiscriminatory provisioning and maintenance is simply wrong in the face of Verizon's inability to provide accurate and timely data in this proceeding. Information requests to Verizon made in October 2001 remained outstanding until March 2002. Verizon has objected to producing information,[9] presented inaccurate data, mistakenly provided non-Massachusetts only data,[10] and has taken extreme lengths of time to provide information. This unwillingness and inability to produce accurate and timely information concerning its performance in provisioning and maintaining special access circuits to its best customers is hardly consistent with the cooperative attitude one would

[9] Verizon objected to the following requests and subsequently provided responses: WCOM/ATT-VZ 1-2, 1-3, 1-4, 1-5, 1-6, 1-7, 1-14, 1-18, 1-22.

[10] DTE-VZ 4-1(S2), updating WCOM/ATT-VZ 1-2, DTE-VZ 4-24, re-asking WCOM/ATT-VZ 2-2.

expect from one's supplier in a competitive market. It demonstrates the need for regulators to require regular reporting by Verizon on its quality of service

Verizon claims that it is "committed as a matter of sound business practice to serve all of its customers as promptly as possible." *Verizon Corrected Panel Testimony*, at 42 This commitment is not demonstrated in the data finally produced by Verizon in this proceeding Rather, the dilatory and delay tactics employed by Verizon in this proceeding and its failure to produce information extremely relevant to service quality would seem to demonstrate that Verizon is committed to avoid disclosure to the Department of its performance results.

The good will of individuals at Verizon has been insufficient to meet the needs of both AT&T and other carrier/CLEC purchasers and their customers. Verizon as a corporate entity must commit to seek and accept service requirements from its wholesale customers and commit to service standards in Massachusetts that meet those requirements Verizon then needs to devote the Verizon resources necessary to get the job done quickly

AT&T has developed specific quality measurements and enjoys a long history of working on a business-to-business basis with Verizon to obtain service consistent with those standards. Despite the considerable time and resources AT&T and Verizon have spent in this effort, Verizon-North's provisioning and maintenance of its special access services generally remain commercially unacceptable to AT&T The Department's oversight through metrics and standards are necessary to create incentives for Verizon to improve its performance

**Q. DOES VERIZON RECOGNIZE THE NEED TO REPORT ITS PERFORMANCE ON SPECIAL ACCESS?**

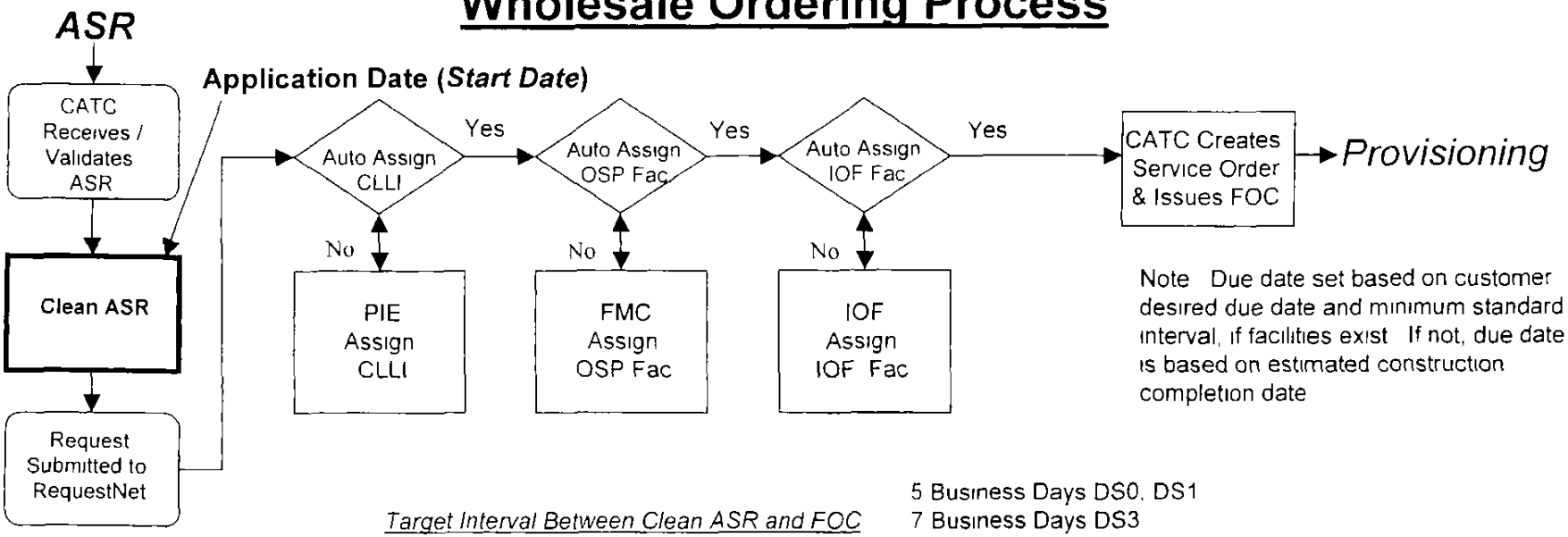
A Yes Verizon-New Hampshire has offered voluntarily to file with the New Hampshire Public Utilities Commission reports regarding performance for intrastate and interstate special access services in New Hampshire. These metrics will measure (1) provisioning on time performance – met commitments; (2) average delay days on missed installation orders. (3) installation quality, (4) percent missed appointments due to lack of facilities; (5) customer trouble report rate; and (6) trouble duration intervals. The New Hampshire metrics were attached to AT&T's Opposition to Verizon's Proposed Delay Of Hearings Until May 28-30, 2002 and Motion For Interim Relief and Establishment Of Evidentiary Burden

To be clear, I continue to recommend the metrics adopted in New York, to the extent that there are slight differences between the New Hampshire and New York metrics I mention the New Hampshire metrics to emphasize that Verizon does not have difficulty in providing similar data in other jurisdictions

**Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

A Yes

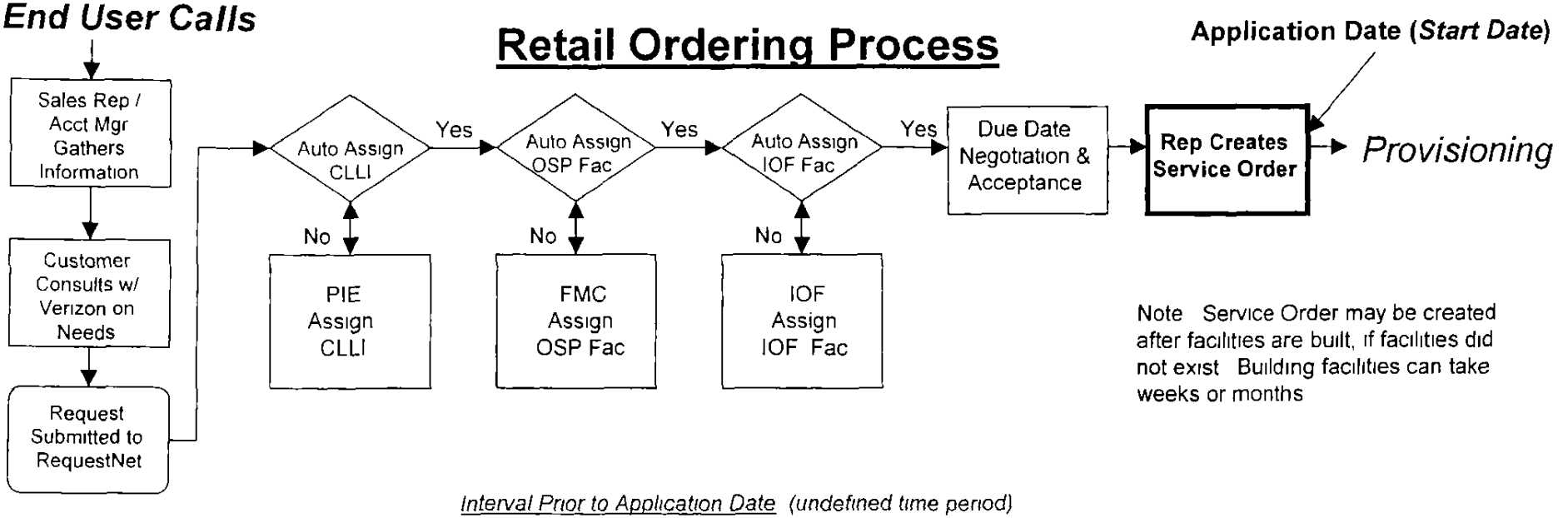
# Wholesale Ordering Process




*Target Interval Between Clean ASR and FOC*

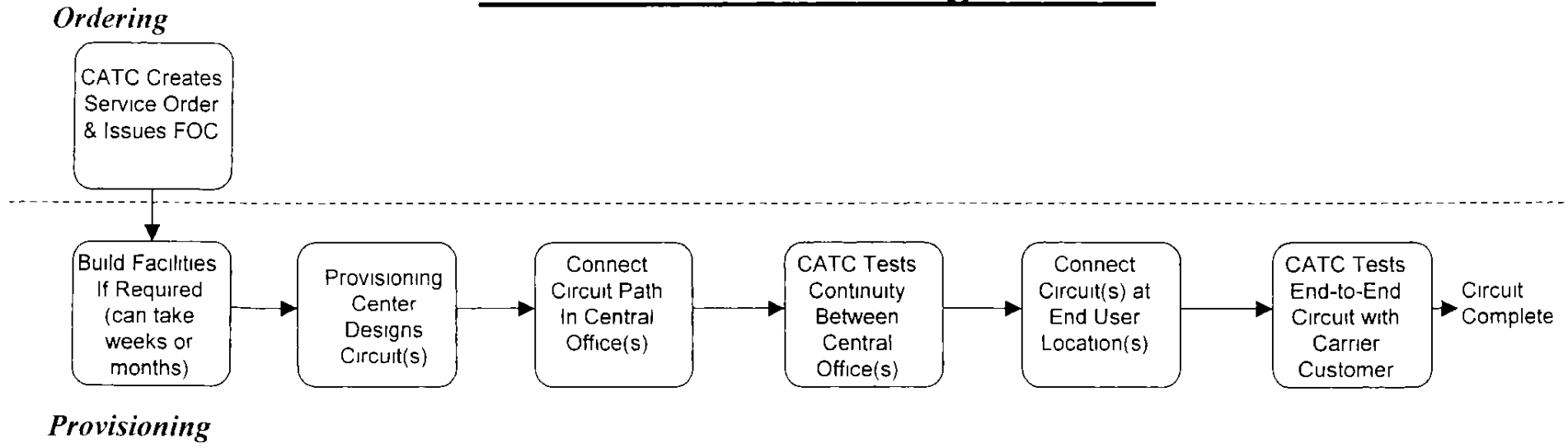
5 Business Days DS0, DS1
7 Business Days DS3
OCn Negotiated

# Retail Ordering Process

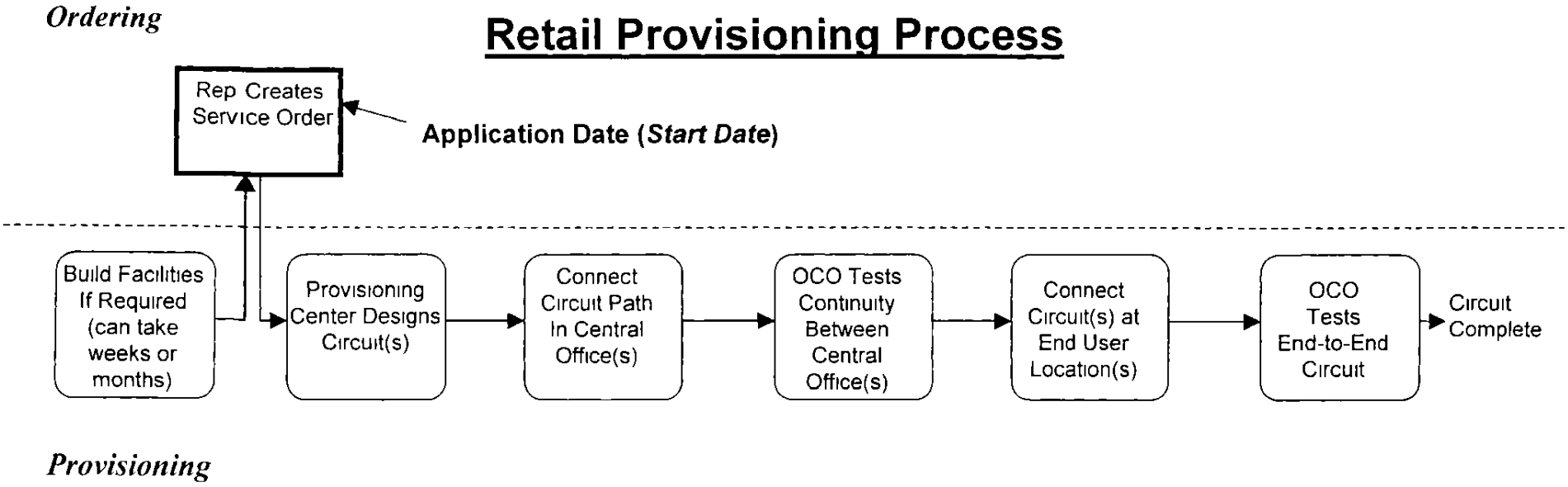



*Interval Prior to Application Date (undefined time period)*

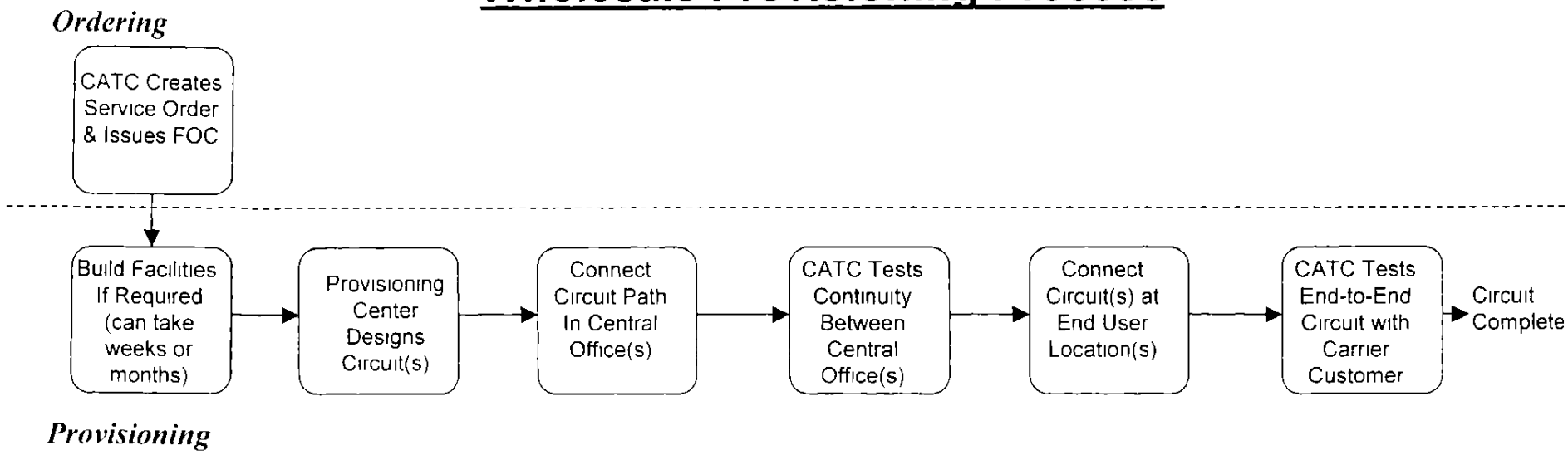
# Wholesale Provisioning Process



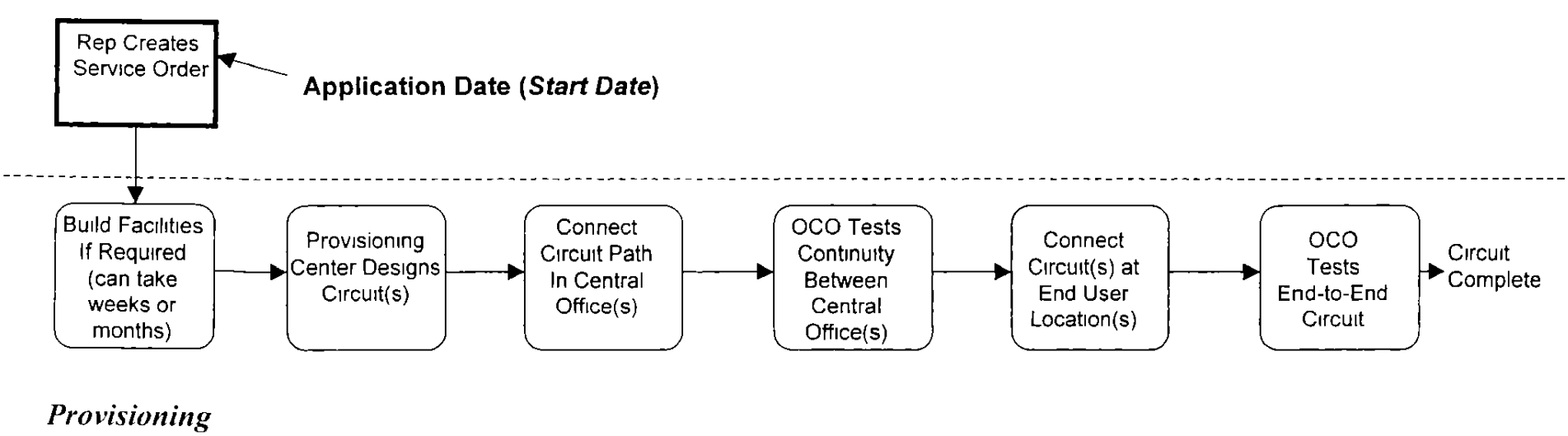

# Retail Provisioning Process



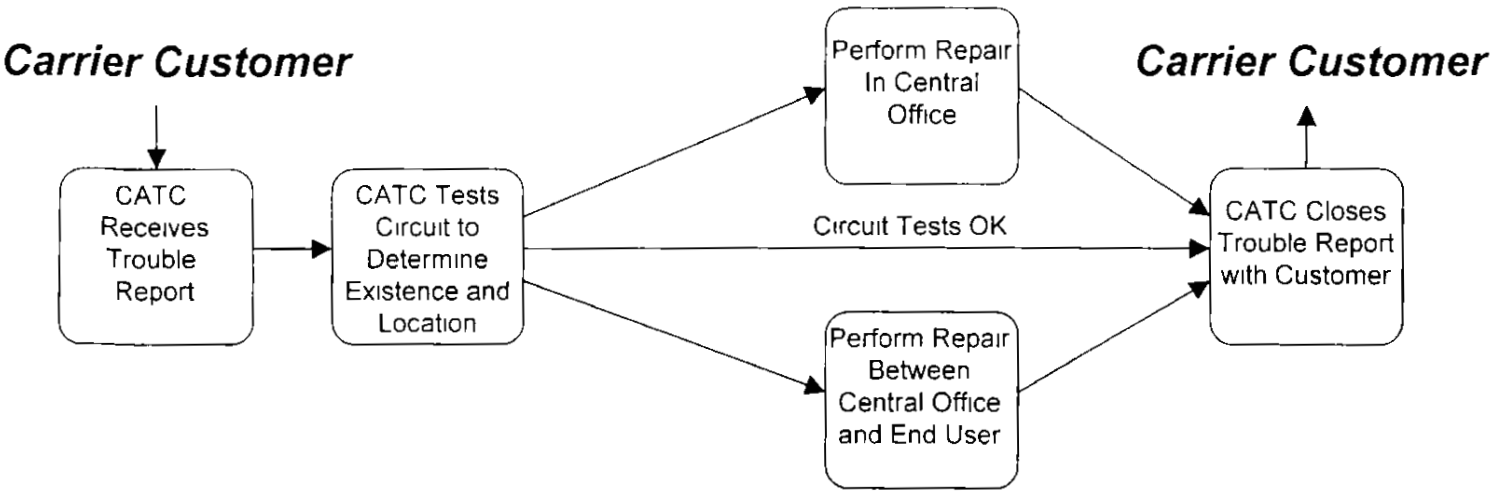
# Wholesale Provisioning Process



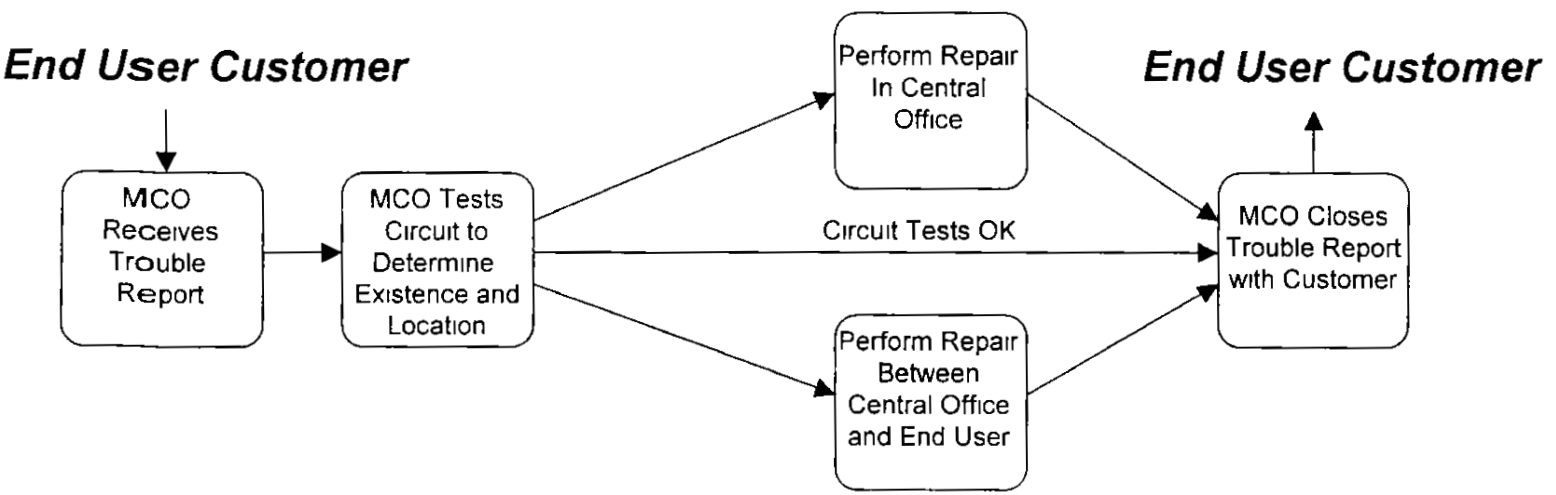

# Retail Provisioning Process -- Alternative Path



# Wholesale Maintenance Process




# Retail Maintenance Process



# Definitions

**ASR** – Access Service Request as defined by industry standards
**CATC** – Carrier Account Team Center is the center that handles ordering, provisioning and maintenance processing for carrier customers, for both affiliate and non-affiliate carriers
**CLLI** – Common Language Location Identifier is a network location identification.
**FMC** – Facilities Management Center is responsible for the engineering records for outside plant facilities.
**FOC** - Firm Order Confirmation
**IOF** – Inter-Office Facilities is responsible for the engineering records for Inter-Office facilities.
**MCO** -- Maintenance Control Office is the center that handles maintenance processing for end user customers, including ISPs
**OCO** -- Overall Control Office is the center that handles ordering and provisioning processing for end user customers, including ISPs.
**OSP** – Outside Plant Facilities
**PIE** – Power and Infrastructure Engineering is responsible for maintaining CLLI information.
**RequestNet** – System used to check/assign circuit facilities